

TOWNSHIP OF MASONVILLE
Delta County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Masonville	County Delta
Fiscal Year End March 31, 2008	Opinion Date July 17, 2008	Date Audit Report Submitted to State July 28, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Zip 48707			
Authorizing CPA Signature 	Printed Name Mark J. Campbell		License Number 1101007803

TOWNSHIP OF MASONVILLE
Delta County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

July 17, 2008

To the Township Board
Township of Masonville
Delta County, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of Township of Masonville, Delta County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Masonville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Township of Masonville, Delta County, Michigan as of March 31, 2008, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 17, 2008, on our consideration of the Township's internal control over financial reporting and on tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountant

TOWNSHIP OF MASONVILLE
Delta County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Masonville covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$834,351.93 for governmental activities and \$5,916,918.53 for business activities. Overall total capital assets increased due to the building of the sewer system.

Overall revenues were \$284,789.53 from governmental activities and \$62,501.83 from business-type activities. Governmental activities had a \$7,869.86 decrease in net assets. Business-type activities had an increase in net assets of \$173,155.57.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental and business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

CONDENSED FINANCIAL INFORMATION
For the year ended March 31, 2008

	Governmental Activities 2007	Governmental Activities 2008	Business-type Activities 2007	Business-type Activities 2008	Total 2007	Total 2008
Current Assets	606 701	619 082	37 469	58 526	644 170	677 608
Other Assets	-	-	-	52 071	-	52 071
Capital Assets	<u>235 521</u>	<u>215 270</u>	<u>6 786 294</u>	<u>6 932 272</u>	<u>7 021 815</u>	<u>7 147 542</u>
Total Assets	<u>842 222</u>	<u>834 352</u>	<u>6 823 763</u>	<u>7 042 869</u>	<u>7 665 985</u>	<u>7 877 221</u>
Current Liabilities	-	-	-	45 950	-	45 950
Non-current Liabilities	-	-	1 080 000	1 080 000	1 080 000	1 080 000
Total Liabilities	-	-	1 080 000	1 125 950	1 080 000	1 125 950
Net Assets:						
Invested in Capital Assets	235 521	215 270	5 706 294	5 802 322	5 941 815	6 017 592
Restricted	-	-	-	52 071	-	52 071
Unrestricted	<u>606 701</u>	<u>619 082</u>	<u>37 469</u>	<u>62 526</u>	<u>644 170</u>	<u>681 608</u>
Total Net Assets	<u>842 222</u>	<u>834 352</u>	<u>5 743 763</u>	<u>5 916 919</u>	<u>6 585 985</u>	<u>6 751 271</u>
	Governmental Activities 2007	Governmental Activities 2008	Business-type Activities 2007	Business-type Activities 2008	Total 2007	Total 2008
Program Revenues:						
Fees and Charges for Services	55 596	59 128	37 404	61 785	93 000	120 913
Operating Grants and Contributions	-	-	2 118 013	302 780	2 118 013	302 780
General Revenues:						
Property Taxes	46 851	49 647	-	-	46 851	49 647
Other Taxes	19 983	17 601	-	-	19 983	17 601
State Revenue Sharing	133 802	134 856	-	-	133 802	134 856
Interest	14 891	15 261	12	716	14 903	15 977
Miscellaneous	<u>56 852</u>	<u>8 297</u>	-	-	<u>56 852</u>	<u>8 297</u>
Total Revenues	<u>327 975</u>	<u>284 790</u>	<u>2 155 429</u>	<u>365 281</u>	<u>2 483 404</u>	<u>650 071</u>
Program Expenses:						
Legislative	8 356	7 885	-	-	8 356	7 885
General Government	148 624	160 766	-	-	148 624	160 766
Public Safety	47 394	66 035	-	-	47 394	66 035
Public Works	22 396	33 508	127 081	192 125	149 477	225 633
Recreation and Culture	14 712	11 512	-	-	14 712	11 512
Other	<u>14 202</u>	<u>12 954</u>	-	-	<u>14 202</u>	<u>12 954</u>
Total Expenses	<u>255 684</u>	<u>292 660</u>	<u>127 081</u>	<u>192 125</u>	<u>382 765</u>	<u>484 785</u>
Increase (Decrease) in Net Assets Before Transfers	72 291	(7 870)	2 028 348	173 156	2 100 639	165 286
Transfers	<u>(6 295)</u>	-	6 295	-	-	-
Increase (Decrease) in Net Assets	65 996	(7 870)	2 034 643	173 156	2 100 639	165 286
Net Assets, April 1	<u>776 226</u>	<u>842 222</u>	<u>3 709 120</u>	<u>5 743 763</u>	<u>4 485 346</u>	<u>6 585 985</u>
Net Assets, March 31	<u>842 222</u>	<u>834 352</u>	<u>5 743 763</u>	<u>5 916 919</u>	<u>6 585 985</u>	<u>6 751 271</u>

TOWNSHIP OF MASONVILLE
Delta County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

All of the activities of the Township are reported as governmental activities and business-type activities. These include the General Fund, CDBG Fund, Roads and Bridges Fund, Building Maintenance Fund, Sewer Fund, Current Tax Collection Fund, and the Agency Fund.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental Funds: Some of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund, CDBG Fund, Roads and Bridges Fund, and the Building Maintenance Fund.

Business-Type Funds: The Township has a Sewer Fund which includes the activity of providing sewer services to Township residents.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in both the governmental and business-type activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$272,408.39.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$15,450.00 in capital assets.

The Township's business-type activities invested \$288,845.61 in capital assets.

The Township's governmental activities paid \$0 of principal on long-term debt.

The Township's business-type activities paid \$0 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or Township Treasurer at P.O. Box 166, Rapid River, Michigan 49878 or call 906-474-9505.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash in bank	585 211 13	18 184 76	603 395 89
Taxes receivable	6 870 80	-	6 870 80
Accounts receivable	-	17 340 88	17 340 88
Due from (to) other funds	27 000 00	(27 000 00)	-
Due from other units	-	50 000 00	50 000 00
Total Current Assets	<u>619 081 93</u>	<u>58 525 64</u>	<u>677 607 57</u>
OTHER ASSETS:			
Cash in bank – restricted	-	52 070 62	52 070 62
Total Other Assets	<u>-</u>	<u>52 070 62</u>	<u>52 070 62</u>
CAPITAL ASSETS:			
Capital Assets	1 414 375 00	7 143 685 38	8 558 060 38
Less: Accumulated Depreciation	<u>(1 199 105 00)</u>	<u>(211 413 11)</u>	<u>(1 410 518 11)</u>
Total Capital Assets	<u>215 270 00</u>	<u>6 932 272 27</u>	<u>7 147 542 27</u>
TOTAL ASSETS	<u><u>834 351 93</u></u>	<u><u>7 042 868 53</u></u>	<u><u>7 877 220 46</u></u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	-	23 000 00	23 000 00
Accrued interest payable	<u>-</u>	<u>22 950 00</u>	<u>22 950 00</u>
Total Current Liabilities	<u>-</u>	<u>45 950 00</u>	<u>45 950 00</u>
NON-CURRENT LIABILITIES:			
Bonds payable	<u>-</u>	<u>1 080 000 00</u>	<u>1 080 000 00</u>
Total Non-current Liabilities	<u>-</u>	<u>1 080 000 00</u>	<u>1 080 000 00</u>
Total Liabilities	<u>-</u>	<u>1 125 950 00</u>	<u>1 125 950 00</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	215 270 00	5 802 322 27	6 017 592 27
Restricted	-	52 070 62	52 070 62
Unrestricted	<u>619 081 93</u>	<u>62 525 64</u>	<u>681 607 57</u>
Total Net Assets	<u>834 351 93</u>	<u>5 916 918 53</u>	<u>6 751 270 46</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>834 351 93</u></u>	<u><u>7 042 868 53</u></u>	<u><u>7 877 220 46</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

		Program Revenue	
	Expenses	Charges for Services	Capital Grants- Contributions
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	7 885 48	-	-
General government	160 765 71	58 075 68	-
Public safety	66 035 21	1 052 00	-
Public works	33 507 70	-	-
Recreation and culture	11 511 64	-	-
Other	12 953 65	-	-
Total Governmental Activities	<u>292 659 39</u>	<u>59 127 68</u>	<u>-</u>
Business-Type Activities:			
Sewer	<u>192 125 23</u>	<u>61 785 40</u>	<u>302 778 97</u>
Total Business-Type Activities	<u>192 125 23</u>	<u>61 785 40</u>	<u>302 778 97</u>
Total Government	<u>484 784 62</u>	<u>120 913 08</u>	<u>302 778 97</u>
General Revenues:			
Property taxes			
Other taxes			
State revenue sharing			
Interest			
Miscellaneous			
Total General Revenues			
Change in net assets			
Net assets, beginning of year			
Net Assets, End of Year			

The accompanying notes are an integral part of these financial statements.

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Net (Expense) Revenue and Changes in Net Assets</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
(7 885 48)	-	(7 885 48)
(102 690 03)	-	(102 690 03)
(64 983 21)	-	(64 983 21)
(33 507 70)	-	(33 507 70)
(11 511 64)	-	(11 511 64)
<u>(12 953 65)</u>	<u>-</u>	<u>(12 953 65)</u>
<u>(233 531 71)</u>	<u>-</u>	<u>(233 531 71)</u>
<u>-</u>	<u>172 439 14</u>	<u>172 439 14</u>
<u>-</u>	<u>172 439 14</u>	<u>172 439 14</u>
<u>(233 531 71)</u>	<u>172 439 14</u>	<u>(61 092 57)</u>
49 646 80	-	49 646 80
17 601 20	-	17 601 20
134 856 02	-	134 856 02
15 260 66	716 43	15 977 09
<u>8 297 17</u>	<u>-</u>	<u>8 297 17</u>
<u>225 661 85</u>	<u>716 43</u>	<u>226 378 28</u>
(7 869 86)	173 155 57	165 285 71
<u>842 221 79</u>	<u>5 743 762 96</u>	<u>6 585 984 75</u>
<u><u>834 351 93</u></u>	<u><u>5 916 918 53</u></u>	<u><u>6 751 270 46</u></u>

TOWNSHIP OF MASONVILLE
Delta County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	<u>General</u>	<u>Roads and Bridges</u>	<u>Other (Building Maintenance)</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	245 022 11	218 135 73	56 450 84	519 608 68
Taxes receivable	6 870 80	-	-	6 870 80
Due from other funds	<u>92 602 45</u>	<u>-</u>	<u>-</u>	<u>92 602 45</u>
Total Assets	<u>344 495 36</u>	<u>218 135 73</u>	<u>56 450 84</u>	<u>619 081 93</u>
<u>Liabilities and Fund Equity</u>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>344 495 36</u>	<u>218 135 73</u>	<u>56 450 84</u>	<u>619 081 93</u>
Total fund equity	<u>344 495 36</u>	<u>218 135 73</u>	<u>56 450 84</u>	<u>619 081 93</u>
Total Liabilities and Fund Equity	<u>344 495 36</u>	<u>218 135 73</u>	<u>56 450 84</u>	<u>619 081 93</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	619 081 93
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	1 414 375 00
Accumulated depreciation	<u>(1 199 105 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>834 351 93</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2008

	<u>General</u>	<u>Roads and Bridges</u>	<u>Other (Building Maintenance)</u>	<u>Total</u>
Revenues:				
Property taxes	49 646 80	-	-	49 646 80
Other taxes	17 601 20	-	-	17 601 20
Licenses and permits	530 00	-	-	530 00
State revenue sharing	134 856 02	-	-	134 856 02
Charges for services:				
PTAF	25 712 83	-	-	25 712 83
Cemetery	6 020 00	-	-	6 020 00
Fire	1 052 00	-	-	1 052 00
Interest	6 893 03	6 986 21	1 381 42	15 260 66
Rents	25 812 85	-	-	25 812 85
Miscellaneous	8 297 17	-	-	8 297 17
Total revenues	<u>276 421 90</u>	<u>6 986 21</u>	<u>1 381 42</u>	<u>284 789 53</u>
Expenditures:				
Legislative:				
Township Board	7 885 48	-	-	7 885 48
General government:				
Supervisor	8 936 20	-	-	8 936 20
Elections	2 147 60	-	-	2 147 60
Assessor	18 950 73	-	-	18 950 73
Clerk	7 836 85	-	-	7 836 85
Board of Review	1 196 63	-	-	1 196 63
Treasurer	15 027 61	-	-	15 027 61
Building and grounds	82 418 04	-	-	82 418 04
Cemetery	6 575 05	-	-	6 575 05
Public safety:				
Liquor law enforcement	1 430 05	-	-	1 430 05
Fire protection	31 329 78	-	-	31 329 78
Medical services	15 092 68	-	-	15 092 68
Planning and zoning	3 248 70	-	-	3 248 70
Public works:				
Highways and streets	28 360 26	-	-	28 360 26
Sanitation	5 147 44	-	-	5 147 44
Recreation:				
Recreation	8 421 64	-	-	8 421 64
Other:				
Insurance	9 522 39	-	-	9 522 39
Retirement	3 431 26	-	-	3 431 26
Capital outlay	15 450 00	-	-	15 450 00
Total expenditures	<u>272 408 39</u>	<u>-</u>	<u>-</u>	<u>272 408 39</u>
Excess (deficiency) of revenues over expenditures	4 013 51	6 986 21	1 381 42	12 381 14
Fund balances, April 1	<u>340 481 85</u>	<u>211 149 52</u>	<u>55 069 42</u>	<u>606 700 79</u>
Fund Balances, March 31	<u>344 495 36</u>	<u>218 135 73</u>	<u>56 450 84</u>	<u>619 081 93</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 12 381 14

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(35 701 00)
Capital Outlay	<u>15 450 00</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (7 869 86)

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

STATEMENT OF NET ASSETS – BUSINESS-TYPE FUNDS
March 31, 2008

	<u>Total (Sewer)</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	18 184 76
Accounts receivable	17 340 88
Due from other units	<u>50 000 00</u>
Total Current Assets	<u>85 525 64</u>
OTHER ASSETS:	
Cash in bank – restricted	<u>52 070 62</u>
Total Other Assets	<u>52 070 62</u>
CAPITAL ASSETS:	
Capital Assets	7 143 685 38
Less: Accumulated Depreciation	<u>(211 413 11)</u>
Total Capital Assets	<u>6 932 272 27</u>
TOTAL ASSETS	<u><u>7 069 868 53</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	23 000 00
Due to other funds	27 000 00
Accrued interest payable	<u>22 950 00</u>
Total Current Liabilities	<u>72 950 00</u>
LONG-TERM LIABILITIES:	
Bonds payable	<u>1 080 000 00</u>
Total Long-term Liabilities	<u>1 080 000 00</u>
Total Liabilities	<u>1 152 950 00</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	5 802 322 27
Restricted	52 070 62
Unrestricted	<u>62 525 64</u>
Total Net Assets	<u>5 916 918 53</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>7 069 868 53</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
BUSINESS-TYPE FUNDS
Year ended March 31, 2008

	<u>Total (Sewer)</u>
OPERATING REVENUES:	
Service charges	<u>61 785 40</u>
Total Operating Revenues	<u>61 785 40</u>
OPERATING EXPENSES:	
Utilities	<u>3 357 52</u>
Total Operating Expenses	<u>3 357 52</u>
Operating Income (loss) before depreciation	58 427 88
Less: depreciation	<u>(142 867 71)</u>
Operating income (loss)	<u>(84 439 83)</u>
NON-OPERATING REVENUES (EXPENSES):	
Federal grant	181 300 00
State grant	121 478 97
Interest income	716 43
Interest expense	<u>(45 900 00)</u>
Total Non-operating Revenues (Expenses)	<u>257 595 40</u>
Change in net assets	173 155 57
Net assets, beginning of year	<u>5 743 762 96</u>
Net Assets, End of Year	<u><u>5 916 918 53</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

STATEMENT OF CASH FLOWS – BUSINESS-TYPE FUNDS
Year ended March 31, 2008

	<u>Total (Sewer)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	57 148 25
Cash payments to suppliers for goods and services	<u>(3 357 52)</u>
Net cash provided (used) by operating activities	<u>53 790 73</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Increase in amounts due to other funds	<u>27 000 00</u>
Net cash provided (used) by non-capital financing activities	<u>27 000 00</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(265 845 61)
Proceeds from federal grants	181 300 00
Proceeds from state grants	71 478 97
Interest paid on debt service	<u>(22 950 00)</u>
Net cash provided (used) by capital and related financing activities	<u>(36 016 64)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	<u>716 43</u>
Net cash provided (used) by investing activities	<u>716 43</u>
Net increase (decrease) in cash	45 490 52
Cash beginning of year	<u>24 764 86</u>
Cash End of Year	<u><u>70 255 38</u></u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Income (loss) from operations	(84 439 83)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	142 867 71
(Increase) decrease in receivables	<u>(4 637 15)</u>
Net Cash Provided (Used) in Operating Activities	<u><u>53 790 73</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Masonville, Delta County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Masonville. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental and business-type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Proprietary Fund

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer enterprise funds are charges to customers for services. The enterprise funds also recognize as operating revenues the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

The Current Tax Collection and Agency Funds are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 28. The 2007 tax roll millage rate was .8758 mills, and the taxable value was \$59,774,136.00.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$2,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	5-15 years
Equipment	4-15 years

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 2 – Budgets and Budgetary Accounting (continued)

7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>656 653 87</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	249 414 60
Uninsured and Uncollateralized	<u>409 463 71</u>
Total Deposits	<u>658 878 31</u>

The Township of Masonville did not have any investments as of March 31, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments (continued)

Concentration of Credit Risk

Generally, credit risk the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental and Business-Type activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<u>Governmental Activities:</u>				
Land	53 300 00	-	-	53 300 00
Buildings	895 600 00	-	-	895 600 00
Equipment	458 525 00	15 450 00	(8 500 00)	465 475 00
Total	1 407 425 00	15 450 00	(8 500 00)	1 414 375 00
Accumulated Depreciation	(1 171 904 00)	(35 701 00)	8 500 00	(1 199 105 00)
Net Governmental Capital Assets	<u>235 521 00</u>	<u>(20 251 00)</u>	<u>-</u>	<u>215 270 00</u>
<u>Business-Type Activities:</u>				
Sewer Systems	6 854 839 77	288 845 61	-	7 143 685 38
Accumulated Depreciation	(68 545 40)	(142 867 71)	-	(211 413 11)
Net Business-Type Capital Assets	<u>6 786 294 37</u>	<u>145 977 90</u>	<u>-</u>	<u>6 932 272 27</u>

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

TOWNSHIP OF MASONVILLE
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 6 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2008, was \$3,431.26.

Note 7 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance 4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/08</u>
Sewer Funds Bond Payable. Series 2005A	568 000 00	-	-	568 000 00
Sewer Funds Bond Payable. Series 2005B	<u>512 000 00</u>	<u>-</u>	<u>-</u>	<u>512 000 00</u>
Total	<u>1 080 000 00</u>	<u>-</u>	<u>-</u>	<u>1 080 000 00</u>

Note 8 – Sewage Disposal System Revenue Bond, Series 2005A

In 2005, the Township of Masonville sold \$568,000.00 of revenue bonds. As of March 31, 2008, the principal balance outstanding on the bonds was \$568,000.00.

<u>Due Date</u>	<u>Amount</u>
<u>April 1</u>	
2008	\$6 000 00
2009	6 000 00
2010	6 000 00
2011	7 000 00
2012	7 000 00
2013	7 000 00
2014	8 000 00
2015	8 000 00
2016	8 000 00
2017	9 000 00
2018	9 000 00
2019	10 000 00
2020	10 000 00
2021	10 000 00
2022	11 000 00
2023	11 000 00
2024	12 000 00
2025	12 000 00
2026	13 000 00
2027	14 000 00
2028	14 000 00
2029	15 000 00

TOWNSHIP OF MASONVILLE
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 8 – Sewage Disposal System Revenue Bond, Series 2005A (continued)

<u>Due Date</u>	<u>Amount</u>
<u>April 1</u>	
2030	15 000 00
2031	16 000 00
2032	17 000 00
2033	18 000 00
2034	18 000 00
2035	19 000 00
2036	20 000 00
2037	21 000 00
2038	22 000 00
2039	23 000 00
2040	24 000 00
2041	25 000 00
2042	26 000 00
2043	27 000 00
2044	29 000 00
2045	35 000 00
Total	<u>\$568 000 00</u>

Note 9 – Sewage Disposal System Revenue Bond, Series 2005B

In 2005, the Township of Masonville sold \$512,000.00 of revenue bonds. As of March 31, 2008, the principal balance outstanding on the bonds was \$512,000.00.

<u>Due Date</u>	<u>Amount</u>
<u>April 1</u>	
2008	\$5 000 00
2009	6 000 00
2010	6 000 00
2011	6 000 00
2012	6 000 00
2013	7 000 00
2014	7 000 00
2015	7 000 00
2016	8 000 00
2017	8 000 00
2018	8 000 00
2019	9 000 00
2020	9 000 00
2021	9 000 00
2022	10 000 00
2023	10 000 00
2024	11 000 00
2025	11 000 00
2026	12 000 00
2027	12 000 00
2028	13 000 00
2029	13 000 00

TOWNSHIP OF MASONVILLE
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 9 – Sewage Disposal System Revenue Bond, Series 2005B (continued)

<u>Due Date</u>	<u>Amount</u>
<u>April 1</u>	
2030	14 000 00
2031	15 000 00
2032	15 000 00
2033	16 000 00
2034	17 000 00
2035	17 000 00
2036	18 000 00
2037	19 000 00
2038	20 000 00
2039	21 000 00
2040	22 000 00
2041	23 000 00
2042	24 000 00
2043	25 000 00
2044	26 000 00
2045	<u>27 000 00</u>
Total	<u>\$512 000 00</u>

Note 10 – Sewer Fund Restricted Cash

As of March 31, 2008, the Sewer Fund had the following restricted cash balances:

\$ 33 950 00	Bond and Interest Redemption
4 462 00	Bond Reserve
<u>13 658 62</u>	Repair, Replacement and Improvement
<u>\$ 52 070 62</u>	Total

Note 11 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 12 – Building Permits

The Township of Masonville does not issue building permits.

Note 13– Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	27 000 00	Sewer	27 000 00
General	65 493 45	Current Tax Collection	65 493 45
General	<u>109 00</u>	Agency	<u>109 00</u>
Total	<u>92 602 45</u>	Total	<u>92 602 45</u>

TOWNSHIP OF MASONVILLE
Delta County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	45 000 00	45 000 00	49 646 80	4 646 80
Other taxes	3 100 00	3 100 00	17 601 20	14 501 20
Licenses and permits	800 00	800 00	530 00	(270 00)
State revenue sharing	90 000 00	90 000 00	134 856 02	44 856 02
Charges for services:				
PTAF	20 500 00	20 500 00	25 712 83	5 212 83
Cemetery	3 900 00	3 900 00	6 020 00	2 120 00
Fire	1 500 00	1 500 00	1 052 00	(448 00)
Interest	4 000 00	4 000 00	6 893 03	2 893 03
Rents	23 000 00	23 000 00	25 812 85	2 812 85
Miscellaneous	23 300 00	23 700 00	8 297 17	(15 402 83)
Total revenues	215 100 00	215 500 00	276 421 90	60 921 90
Expenditures:				
Legislative:				
Township Board	17 400 00	17 400 00	7 885 48	(9 514 52)
General government:				
Supervisor	8 950 00	8 950 00	8 936 20	(13 80)
Elections	2 900 00	3 300 00	2 147 60	(1 152 40)
Assessor	21 900 00	21 900 00	18 950 73	(2 949 27)
Clerk	8 460 00	8 460 00	7 836 85	(623 15)
Board of Review	1 110 00	1 210 00	1 196 63	(13 37)
Treasurer	15 100 00	15 100 00	15 027 61	(72 39)
Building and grounds	76 450 00	82 450 00	82 418 04	(31 96)
Cemetery	9 575 00	8 075 00	6 575 05	(1 499 95)
Public safety:				
Liquor law enforcement	2 070 00	2 070 00	1 430 05	(639 95)
Fire protection	26 180 00	32 080 00	31 329 78	(750 22)
Medical services	13 500 00	15 200 00	15 092 68	(107 32)
Planning and zoning	4 525 00	4 525 00	3 248 70	(1 276 30)
Public works:				
Highways and streets	32 000 00	28 500 00	28 360 26	(139 74)
Sanitation	4 500 00	6 000 00	5 147 44	(852 56)
Recreation:				
Recreation	19 500 00	14 500 00	8 421 64	(6 078 36)
Other:				
Insurance	14 000 00	14 000 00	9 522 39	(4 477 61)
Retirement	5 000 00	5 000 00	3 431 26	(1 568 74)
Contingency	5 000 00	12 000 00	-	(12 000 00)
Capital outlay	13 000 00	16 000 00	15 450 00	(550 00)
Total expenditures	301 120 00	316 720 00	272 408 39	(44 311 61)
Excess (deficiency) of revenues over expenditures	(86 020 00)	(101 220 00)	4 013 51	105 233 51
Fund balance, April 1	86 020 00	101 220 00	340 481 85	239 261 85
Fund Balance, March 31	-	-	344 495 36	344 495 36

TOWNSHIP OF MASONVILLE
Delta County, Michigan

BUDGETARY COMPARISON SCHEDULE – ROADS AND BRIDGES FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Interest	-	-	6 986 21	6 986 21
Total revenues	-	-	6 986 21	6 986 21
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	6 986 21	6 986 21
Fund balance, April 1	-	-	211 149 52	211 149 52
Fund Balance, March 31	-	-	218 135 73	218 135 73

TOWNSHIP OF MASONVILLE
Delta County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Township Board:	
Wages	1 260 00
Payroll taxes	53 52
Professional services	3 400 00
Miscellaneous	3 171 96
	<u>7 885 48</u>
Supervisor:	
Salary	8 100 00
Office supplies	201 79
Payroll taxes	340 80
Transportation	293 61
	<u>8 936 20</u>
Elections:	
Wages	1 742 50
Office supplies	405 10
	<u>2 147 60</u>
Assessor:	
Salary	15 399 96
Office supplies	1 578 46
Miscellaneous	1 972 31
	<u>18 950 73</u>
Clerk:	
Salary	7 302 64
Office supplies	259 20
Printing and publishing	275 01
	<u>7 836 85</u>
Board of Review:	
Wages	588 00
Miscellaneous	608 63
	<u>1 196 63</u>
Treasurer:	
Salary	10 574 04
Payroll taxes	153 42
Office supplies	4 300 15
	<u>15 027 61</u>
Building and grounds:	
Wages	10 127 57
Payroll taxes	1 101 36
Contracted services	1 472 00
Utilities	37 952 86
Repairs and maintenance	30 386 22
Miscellaneous	1 378 03
	<u>82 418 04</u>
Cemetery:	
Wages	4 350 00
Repairs and maintenance	2 225 05
	<u>6 575 05</u>
Liquor law enforcement:	
Wages	1 207 65
Miscellaneous	222 40
	<u>1 430 05</u>

TOWNSHIP OF MASONVILLE
Delta County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Fire protection:	
Wages	5 700 00
Payroll taxes	95 04
Professional services	1 339 15
Supplies	3 138 66
Utilities	4 183 68
Repairs and maintenance	15 418 92
Miscellaneous	1 454 33
	<u>31 329 78</u>
Medical services:	
Operating supplies	3 983 00
Wages	6 646 64
Repairs and maintenance	1 805 96
Miscellaneous	2 657 08
	<u>15 092 68</u>
Planning and zoning:	
Wages	2 575 00
Payroll taxes	114 61
Printing and publishing	286 00
Miscellaneous	273 09
	<u>3 248 70</u>
Highways and streets:	
Street lighting	7 855 42
Roads	18 386 00
Sidewalks	2 118 84
	<u>28 360 26</u>
Sanitation	<u>5 147 44</u>
Recreation:	
Supplies	1 542 51
Contracted services	1 390 99
Utilities	677 09
Repairs and maintenance	4 691 05
Miscellaneous	120 00
	<u>8 421 64</u>
Insurance	<u>9 522 39</u>
Retirement	<u>3 431 26</u>
Capital outlay	<u>15 450 00</u>
Total Expenditures	<u><u>272 408 39</u></u>

TOWNSHIP OF MASONVILLE
Delta County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
Year ended March 31, 2008

	<u>Balance 4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/08</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>-</u>	<u>1 904 466 95</u>	<u>1 838 973 50</u>	<u>65 493 45</u>
<u>Liabilities</u>				
Due to other funds	-	70 518 45	5 025 00	65 493 45
Due to others	<u>-</u>	<u>1 833 948 50</u>	<u>1 833 948 50</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>1 904 466 95</u>	<u>1 838 973 50</u>	<u>65 493 45</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>30 00</u>	<u>3 009 24</u>	<u>1 742 88</u>	<u>1 296 36</u>
<u>Liabilities</u>				
Due to other funds	-	832 80	723 80	109 00
Due to others	<u>30 00</u>	<u>2 176 44</u>	<u>1 019 08</u>	<u>1 187 36</u>
Total Liabilities	<u>30 00</u>	<u>3 009 24</u>	<u>1 742 88</u>	<u>1 296 36</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in Bank	<u>30 00</u>	<u>1 907 476 19</u>	<u>1 840 716 38</u>	<u>66 789 81</u>
<u>Liabilities</u>				
Due to other funds	-	71 351 25	5 748 80	65 602 45
Due to others	<u>30 00</u>	<u>1 836 124 94</u>	<u>1 834 967 58</u>	<u>1 187 36</u>
Total Liabilities	<u>30 00</u>	<u>1 907 476 19</u>	<u>1 840 716 38</u>	<u>66 789 81</u>

CAMPBELL, KUSTERER & CO., P.C.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

July 17, 2008

To the Township Board
Township of Masonville
Delta County, Michigan

We have audited the financial statements of the Township of Masonville, Delta County, Michigan, as of and for the year ended March 31, 2008, and have issued our report thereon dated July 17, 2008. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether Township of Masonville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclose no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of Masonville's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted an inadequate control over cash transactions caused by an inherent lack of segregation of duties which is due to the limited number of office personnel employed involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Campbell, Kusterer & Co., P.C.

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 17, 2008

To the Township Board
Township of Masonville
Delta County, Michigan

We have audited the financial statements of the Township of Masonville for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Masonville in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Masonville
Delta County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants